

**BEFORE THE NEBRASKA TAX EQUALIZATION
AND REVIEW COMMISSION**

IN THE MATTER OF THE)	COUNTY NUMBER 55
EQUALIZATION OF ASSESSMENTS)	FINDINGS AND ORDERS
OF REAL PROPERTY WITHIN)	(NO ADJUSTMENT AFTER
LANCASTER COUNTY, NEBRASKA,)	SHOW CAUSE HEARING)
FOR TAX YEAR 2006)	

APPEARANCES FOR THE COUNTY:

Robert Ogden, Chief Field Deputy County Assessor for Lancaster County

SUMMARY

The Tax Equalization and Review Commission, as part of its equalization proceedings held pursuant to Neb. Const. Art. IV, §28, and Neb. Rev. Stat. §77-5022 *et. seq.*, (Reissue 2003, Cum Supp 2004, Supp. 2005), after a hearing pursuant to Neb. Rev. Stat. §77-5026 (Supp. 2005) finds that the levels of assessment real property in Lancaster County for tax year 2006, satisfy the requirements of Neb. Const. Art. VIII, §1, and Neb. Rev. Stat. §77-5023 (Cum. Supp. 2004). The Commission therefore does not enter an order adjusting the value of real property within Lancaster County.

**I.
REPORT AND OPINION
OF THE PROPERTY TAX ADMINISTRATOR**

Lancaster County (“County”), as required by Neb. Rev. Stat. §77-1514 (Supp. 2005), timely filed its Abstract of Assessment for 2006. The Property Tax Administrator (“Administrator”), based on that abstract and other information available to the Administrator, has filed certain statistical and narrative reports with the Nebraska Tax Equalization and Review Commission (“Commission”) and further has certified the Administrator's opinion regarding the

level of value and the quality of assessment of real property in Lancaster County for tax year 2006. Neb. Rev. Stat. §77-5027 (Supp. 2005).

II. REVIEW OF ASSESSMENT PRACTICES

The level of value or assessment for any class or subclass of real property is generally indicated by its median assessment-sales ratio unless that statistic is deemed unreliable, the sample from which it is drawn is not representative of the class or subclass, or the level of value or assessment has been determined based on other generally accepted mass appraisal techniques. The acceptable ratio range for the median of the “Assessment-Sales Ratio” is from 74% to 80% of actual or fair market value for the class and subclasses of agricultural and horticultural land not receiving special valuation pursuant to Neb. Rev. Stat. §77-1344; 74% to 80% of special valuation and recapture valuation, for the class and subclasses of agricultural and horticultural land receiving special valuation pursuant to Neb. Rev. Stat. §77-1344; and 92% to 100% of actual or fair market value for all other classes and subclasses of real property.

Neb. Rev. Stat. §77-5023(2) (Cum. Supp. 2004). Whether or not the level of assessment indicated by the median falls within the acceptable range may be determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques. Neb. Rev. Stat. § 77-5023(5) (Cum. Supp. 2004).

For purposes of determining the level of value of agricultural and horticultural land subject to special valuation under sections 77-1343 to 77-1348 of Nebraska Statutes, the Property Tax Administrator is required to make and issue a comprehensive study developed in compliance

with professionally accepted mass appraisal techniques to establish the level of value if in his or her opinion the level of value cannot be developed through the use of the comprehensive assessment ratio studies. Neb. Rev. Stat. §77-1327(4) (Supp. 2005).

The uniformity and proportionality of assessments (the “quality” of assessments), under professionally accepted mass appraisal methods, are measured through the use of the Coefficient of Dispersion (“COD”) and the Price Related Differential (“PRD”). The appropriate COD range for the residential class and subclasses of real property is between 0 and 15 and the appropriate COD range for all other classes and subclasses of real property is between 0 and 20. 442 Neb. Admin. Code, ch 9, §008.06C (01/05). The appropriate PRD range for all classes and subclasses of real property is between .98 and 1.03. 442 Neb. Admin. Code, ch 9, §008.06B (01/05).

III. DUTIES OF THE COMMISSION

“. . . if the commission finds that the level of assessment of a class or subclass of real property fails to satisfy the requirements of section 77-5023, the commission shall issue a notice to the counties which it deems either undervalued or overvalued” Neb. Rev. Stat. §77-5026 (Supp. 2005).

“The Commission shall pursuant to 77-5026 raise or lower the valuation of any class or subclass of property in a county when it is necessary to achieve equalization.” Neb. Rev. Stat. §77-5027 (Supp. 2005).

“After a hearing conducted pursuant to section 77-5024 or 77-5026, the commission shall enter an order based on the information presented to it at the hearing . . . the order shall specify

the percentage increase or decrease and the class or subclass of real property affected or the corrections or adjustments to be made to the class or subclass of real property affected.”

Neb. Rev. Stat. §77-5028 (Supp. 2005).

“Any increase or decrease shall cause the indicator of central tendency of assessment utilized by the commission to be at the midpoint of the acceptable range.” Neb. Rev. Stat. §77-5023 (3) (Cum. Supp. 2004). “Any decrease or increase to a subclass of property shall also cause the indicator of central tendency utilized by the commission for the class from which the subclass is drawn to be within the applicable acceptable range.” Neb. Rev. Stat. §77-5023(4) (Cum. Supp. 2004). “Whether or not an established indicator of central tendency falls within an acceptable range or at the midpoint of an acceptable range may be determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.” Neb. Rev. Stat. §77-5023(5) (Cum. Supp. 2004).

IV. EVIDENCE BEFORE THE COMMISSION

The Commission may consider and utilize the provisions of the Constitution of the United States, the Constitution of Nebraska, the laws of the United States, the laws of Nebraska, the Code of Federal Regulations, the Nebraska Administrative Code, any decision of the several courts of the United States or the State of Nebraska, and the legislative history of any law, rule, or regulation, without making the document a part of the record. The Commission may without inclusion in the record consider and utilize published treatises, periodicals, and reference works pertaining to the valuation or assessment of real or personal property or the meaning of words and phrases if the document is identified in the Commission's rules and regulations.

Neb. Rev. Stat. §77-5016(3) (Supp. 2005), 442 Neb. Admin. Code, ch 5, (01/05). No information or evidence, except that permitted by law, may be considered. Neb. Rev. Stat. §77-5016(3) (Supp. 2005). The Commission may evaluate the evidence presented utilizing its experience, technical competence, and specialized knowledge. Neb. Rev. Stat. §77-5016(5) (Supp. 2005).

**V.
FINDINGS OF FACT**

The Commission finds and determines the following concerning classes and subclasses of real property in Lancaster County:

PROCEDURAL

1. A statistical and narrative report informing the Commission of the level of value and the quality of assessments of the classes and subclasses of real property for Lancaster County and certifying the opinion of the Property Tax Administrator regarding the level of value and the quality of assessment of real property in Lancaster County, for the tax year 2006 was timely received by the Commission. (E55).
2. The level of assessment for any class or subclass is the level of value indicated by the median assessment to sales ratio as it has been determined for the class or subclass unless the statistic is deemed unreliable, the sample from which it is drawn is not representative of the class or subclass, or the level of value or assessment has been determined based on other generally accepted mass appraisal techniques.
3. The level of assessment for special value of the agricultural land and horticultural land class of real property subject to special valuation and its subclasses was determined

through an income based methodology developed by the Property Tax Administrator pursuant to Neb. Rev. Stat. §77-1327 (4) (Supp. 2005).

4. The Commission's Order to Show Cause and Notice of Hearing dated April 24, 2006, proposing an adjustment to the level of value of real property in Lancaster County was mailed to the County Clerk, County Assessor, and Chairperson of the County Board for Lancaster County on April 24, 2006.
5. Representatives of Lancaster County appeared before the Commission on April 24, 2006, requested that the hearing on the Commission's order proposing adjustment be held as soon as possible, and waived the five day notice requirement found in Neb. Rev. Stat. §77-5026 (Supp. 2005).
6. A hearing on the Commission's order proposing an adjustment was held April 26, 2006.

RESIDENTIAL CLASS OF REAL PROPERTY AND ITS SUBCLASSES

THE CLASS

7. The level of value indicated by the median for the residential class of real property is 101.77% of actual or fair market value, the COD is 5.26, and the PRD is 100.56, as shown by the Reports and Opinions of the Property Tax Administrator. (E55:23).
8. The level of assessment for the residential class of real property as indicated by the median as shown in The Reports and Opinions of Property Tax Administrator is not

within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.

9. The quality of assessment practices for the residential class of real property is appropriate as shown by the COD.
10. The quality of assessment practices for the residential class of real property is appropriate as shown by the PRD.
11. The level of assessment of the residential class of real property as indicated by the median fails to satisfy the requirements of Neb. Rev. Stat. §77-5023(2) (Cum. Supp. 2004).
12. A decrease in the amount of 5.67% was proposed by the Commission to bring the level of value indicated by the median for the residential class of real property to the midpoint of the acceptable range as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques as required by Neb. Rev. Stat. §77-5023(3) (Cum. Supp. 2004). (E184)
13. The County analyzed the 10,716 sales contained in the sales file utilized by the Property Tax Administrator to produce her Reports and Opinions and non-binding recommendation to the Commission. The last transaction in that file occurred on or before June 30, 2005. (E55:23). Real property is to be assessed as 12:01 a.m. on January 1 of each year. Neb. Rev. Stat. 77-1301(1) (Cum. Supp. 2004). The Chief Field Deputy for the Lancaster County Assessor testified that the value of residential real property was generally increasing in Lancaster County over time; the increase resulted in a declining assessment to sales ratio as shown in the quartiles on page 23 of Exhibit 55; the increase

in values continued after June 30, 2005; and that calculation of a time adjustment was necessary to determine the level of value for residential property in Lancaster County as of January 1, 2006. Time adjustments to ratio studies are a professionally and generally recognized mass appraisal technique. *Standard on Ratio Studies*, July 1999, International Association of Assessing Officers, and *Property Appraisal and Assessment Administration*, International Association of Assessing Officers, Eckert, (1990). Four techniques for calculation of time adjustments are recognized including a sales ratio trend analysis. *Property Appraisal and Assessment Administration*, Supra, Appendix 5-3. The Chief Field Deputy for the County Assessor testified that the County's sales ratio trend analysis had been prepared in accordance with the Appendix 5-3. The resulting trend line is graphically displayed in Exhibit 203. The County's sales ratio trend analysis shows the level of assessment for the residential class of real property in Lancaster County to be 98%.

14. The Commission determines that the sales ratio trend analysis of the sales file as presented by the County is a better indicator of the level of value for the residential class of real property in Lancaster County as of January 1, 2006, than the median of the sales file.
15. The Commission further determines that the level of value for the residential class of real estate in the County as of January 1, 2006 is 98% of actual value based on the sales ratio trend analysis presented by the County, and that the COD, and the PRD are 5.26 and

100.56 respectively shown by the Record and Opinions of the Property Tax Administration (E203, E55:23).

16. The Commission after a hearing pursuant to Neb. Rev. Stat. §77-5026 (Supp. 2005), determines that no adjustment should be made.

**COMMERCIAL AND INDUSTRIAL CLASS OF REAL PROPERTY
AND ITS SUBCLASSES**

THE CLASS

17. The level of value indicated by the median for the commercial and industrial class of real property is 99.52% of actual or fair market value, the COD is 13.10, and the PRD is 103.37, as shown by the Reports and Opinions of the Property Tax Administrator. (E55:37).
18. The statistical studies of the level of value and the quality of assessments are reliable and representative of the level of value and the quality of assessments for the commercial and industrial class of real property.
19. The level of assessment for the commercial and industrial class of real property as indicated by the median, is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
20. The quality of assessment practices for the commercial and industrial class of real property is appropriate as shown by the COD.
21. The quality of assessment practices for the commercial and industrial class of real property is not appropriate as shown by the PRD.

22. A measure of the quality of assessment practices for the class of commercial and industrial real property cannot be improved by a percentage adjustment to the level of value for the class of commercial and industrial real property as required by Neb. Rev. Stat. §77-5023 (Cum. Supp. 2004). An adjustment by a percentage to the level of value of a subclass of the commercial and industrial class of real property might improve a measure of the quality of assessment practices but an adjustment for that purpose is not warranted.
23. The level of assessment for each subclass of the commercial and industrial class of real property is either within the acceptable range, the number of sales for a subclass are insufficient to provide a reliable statistical study of the subclass, or an adjustment by a percentage of value is not appropriate based on the record before the Commission.
24. No increase or decrease by a percentage for the value of the commercial and industrial class of real property, or a subclass thereof, is necessary.

**RECAPTURE VALUE OF AGRICULTURAL LAND AND HORTICULTURAL LAND
CLASS OF REAL PROPERTY SUBJECT TO SPECIAL VALUATION**

THE CLASS

25. The level of value indicated by the median for recapture value of the agricultural land and horticultural land class of real property subject to special valuation is 80.39% of recapture value, the COD is 23.44, and the PRD is 113.44, as shown by the Reports and Opinions of the Property Tax Administrator. (E55:73).

26. The statistical studies of the level of value and the quality of assessment of recapture value are reliable and representative of the level of value and the quality of assessment for recapture value of the agricultural land and horticultural land class of real property subject to special valuation.
27. The level of assessment for recapture value of the agricultural land and horticultural land class of real property subject to special valuation as indicated by the median, is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.
28. The quality of assessment practices for recapture value of the agricultural land and horticultural land class of real property subject to special valuation is not appropriate as shown by the COD.
29. The quality of assessment practices for recapture value of the agricultural land and horticultural land class of real property subject to special valuation is not appropriate as shown by the PRD.
30. A measure of the quality of assessment practices for recapture value of the class of agricultural land and horticultural land class of real property subject to special valuation cannot be improved by a percentage adjustment to the level of value for the class of agricultural land and horticultural land class of real property subject to special valuation as required by Neb. Rev. Stat. §77-5023 (Cum. Supp. 2004). An adjustment by a percentage to the level of value of recapture value for a subclass of the agricultural land and horticultural land class of real property subject to special valuation might improve a

measure of the quality of assessment practices but an adjustment for that purpose is not warranted.

31. The level of assessment of recapture for each subclass of the agricultural land and horticultural land class of real property subject to special valuation is either within the acceptable range, the number of sales for a subclass are insufficient to provide a reliable statistical study of the subclass, or an adjustment by a percentage of value is not appropriate based on the record before the Commission.
32. No increase or decrease by a percentage of recapture value for the agricultural land and horticultural land class of real property subject to special valuation, or a subclass thereof, is necessary.

**SPECIAL VALUE OF AGRICULTURAL LAND AND HORTICULTURAL LAND
CLASS OF REAL PROPERTY SUBJECT TO SPECIAL VALUATION**

THE CLASS

33. The level of value for special value of the agricultural land and horticultural land class of real property subject to special valuation is 80.36% of special value as shown by the Reports and Opinions of the Property Tax Administrator. (E55:70).
34. The statistical studies of the level of value for special value are reliable and representative of the level of value for special value of the agricultural land and horticultural land class of real property subject to special valuation.
35. The level of assessment for special value of the agricultural land and horticultural land class of real property subject to special valuation as indicated by the Property Tax

Administrator's methodology is within the acceptable range set by state law as determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.

36. The level of assessment of special value for each subclass of the agricultural land and horticultural land class of real property subject to special valuation is either within the acceptable range, or an adjustment by a percentage of value is not appropriate based on the record before the Commission.
37. No increase or decrease by a percentage of special value for the agricultural land and horticultural land class of real property subject to special valuation, or a subclass thereof, is necessary.

VI.

CONCLUSIONS OF LAW

1. The Commission is required to meet annually to equalize the assessed value, special value or recapture value of all real property as submitted by the county assessors on the abstracts of assessment and equalize the values of real property which is valued by the state. Neb. Rev. Stat. §77-5022 (Cum. Supp. 2004).
2. The Commission is required to raise or lower the valuation of a class or subclass of real property as necessary to achieve equalization. Neb. Rev. Stat. §77-5027 (Supp. 2005).
3. To achieve equalization the Commission is required to increase or decrease the value of a class or subclass of real property in any county or taxing authority or of real property

valued by the state so that all classes or subclasses of real property in all counties fall within an acceptable range. Neb Rev. Stat. §77-5023(1) (Cum. Supp. 2004).

4. An acceptable range is the percentage of variation from a standard for valuation as measured by an established indicator of central tendency of assessment.
Neb. Rev. Stat. §77-5023(2) (Cum. Supp. 2004).
5. The median has been adopted by Commission as the preferred established indicator of central tendency. 442, Neb. Admin. Code, ch 9, §002.02 (01/05).
6. The acceptable ratio range for the median of the “Assessment-Sales Ratio” is from 74% to 80% of actual or fair market value for the class and subclasses of agricultural land and horticultural land not receiving special valuation pursuant to Neb. Rev. Stat. §77-1344; 74% to 80% of special valuation and 74% to 80% of recapture valuation for the class and subclasses of agricultural land and horticultural land receiving special valuation pursuant to Neb. Rev. Stat. §77-1344; and 92% to 100% of actual or fair market value for all other classes and subclasses of real property. Neb. Rev. Stat. §77-5023(2) (Cum. Supp. 2004).
7. Whether or not the median level of assessment falls within the acceptable range may be determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques. Neb. Rev. Stat. § 77-5023(5) (Cum. Supp. 2004).
8. Any increase or decrease of value shall cause the indicator of central tendency of assessment utilized by the commission to be at the midpoint of the acceptable range.
Neb. Rev. Stat. §77-5023 (3) (Cum. Supp. 2004)

9. Any decrease or increase to a subclass of property shall also cause the indicator of central tendency utilized by the commission for the class from which the subclass is drawn to be within the applicable acceptable range. Neb. Rev. Stat. §77-5023(4) (Cum. Supp. 2004).
10. An increase or decrease to the value of a class or subclass of real property in Lancaster County may only be made after a hearing held not less than five days after mailing notice of the hearing to the county clerk, county assessor, and the chairperson of the county board for Lancaster County unless notice is waived by a legal representative of the County. Neb. Rev. Stat. 77-5026 (Supp. 2005).
11. The Commission has jurisdiction over Lancaster County and the subject matter of this order.
12. No adjustment to the level of assessment of real property in Lancaster County is required by law.

**VII.
ORDER**

IT IS THEREFORE ORDERED THAT:

1. No adjustment by a percentage by the Commission shall be made to level of assessment for the residential class of real property in the County or a subclass thereof for tax year 2006.
2. No adjustment by a percentage by the Commission shall be made to the level of assessment for the commercial and industrial class of real property in the County or a subclass thereof for tax year 2006.

3. No adjustment by a percentage by the Commission shall be made to the level of assessment for recapture value of the agricultural land and horticultural land class of real property subject to special valuation in the County a subclass thereof for tax year 2006.
4. No adjustment by a percentage by the Commission shall be made to the level of assessment for special value of the agricultural land and horticultural land class of real property subject to special valuation in the County a subclass thereof for tax year 2006.
5. These Findings and Orders shall be served on the Property Tax Administrator of the State of Nebraska via personal delivery, the Lancaster County Assessor via Certified United States Mail, return receipt requested, the Lancaster County Clerk, the Chairperson of the Lancaster County Board and the Lancaster County Attorney via First Class United States Mail sufficient postage paid, on or before May 15, 2006, as required by Neb. Rev. Stat. §77-5028 (Supp. 2005).
6. This order is effective the date it is signed and sealed.

SIGNED AND SEALED May 12, 2006.

Robert L. Hans, Commissioner

Susan S. Lore, Commissioner

William C. Warnes, Commissioner

Seal

Wm. R. Wickersham, Commissioner